

Message Text

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52

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FOR COMMERCE/ BIC/ OIM/ MRD

EO 11652: N/ A

TAGS: BEXP, EIND, ETRD, AU, UR, US

SUBJECT: BID REQUEST FOR TARGET INDUSTRY RESEARCH ON USSR
MARKET FOR ELECTRONICS INDUSTRY PRODUCTION AND TEST EQUIPMENT

REF: A) STATE A-1694; B) STATE 52326

1. EMBASSY INVITED 18 FIRMS OF WHICH 6 INTERESTED WERE
SUPPLIED WITH INFORMATION AND SPECIFICATIONS. ONLY TWO OF THE
6 FIRMS SUBMITTED A JOINT BID, ALL OTHERS SENT NEGATIVE REPLIES.

2. OFFER WAS RECEIVED FROM INSTITUTE FOR INDUSTRIAL MARKETING
(C/ O IFES GES M B H, FLEISCHMARKT 3-5, A-1010 VIENNA).

A) COST ESTIMATE \$8350 PLUS 16 PERCENT VAT

B) WORKING GROUP NEWLY FOUNDED BY TWO- WELL ESTABLISHED
AUSTRIAN COMPANIES RATIO MANAGEMENT CONSULTING COMPANY AND
IFES INSTITUTE FOR EMPIRICAL SOCIAL RESEARCH TOGETHER WITH
STROTHMANN, K. G., A HAMBURG- BASED INSTITUTE FOR INDUSTRIAL
MARKET RESEARCH AND MARKET RESEARCH IN EASTERN EUROPE.

C) INTERVIEWS USSR: 5-10 GOVERNMENT

20-25 COMPANY REPRESENTATIVES

5 FOREIGN TRADE ORGANIZATIONS

WESTERN EUROPE: 5 AUSTRIAN MANUFACTURERS

5 GERMAN MANUFACTURERS

5 MULTINATIONAL MANUFACTURERS

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D) TIME: 10 WEEKS

E) NO INFORMATION ON THIS NEWLY ESTABLISHED INSTITUTE AVAILABLE. BIDDER CLAIMS TO HAVE DONE MARKET RESEARCH WORK IN HUNGARY, POLAND AND ROMANIA, INCLUDING STUDIES OF ELECTRONICS MARKET IN EASTERN EUROPE AND JAPAN ELECTRONIC INDUSTRY DEVELOPMENT AGENCY, TOKIO, AND FOR JAPAN EAST TO CONSIDER PROPOSALS FOR MODIFICATIONS? DESPITE LIMITED FUNCTION OF 1973 REVIEW AS ENVISAGED IN THE AGREEMENT, FCO THOUGHT IT MIGHT BE POLITICALLY PRUDENT TO GIVE THESE PROPOSALS A HEARING.

3. WE ASKED WHAT ISLANDERS WERE AFTER. DIXON SAID THERE WERE FOUR MAIN POINTS: A) "RENT" FOR FACILITIES; B) EXPANSION OF JETTY; C) USE OF AIRFIELD ON 24- HOUR, 7- DAY BASIS; D) ALTERATIONS TO RUNWAY? OR WATER CATCHMENT. WE SAID THAT WHILE WE DID NOT WISH TO ANTICIPATE WASHINGTON'S JUDGMENT, THESE POINTS HAD FAMILIAR RING AND SOME IF NOT ALL OF THEM HAD BEEN DISCUSSED IN 1968. WE COULD NOT BE OPTIMISTIC THAT U. S. VIEWS WOULD HAVE CHANGED VERY MUCH IN INTERIM, AND IT MIGHT BE ILL- ADVISED TO RAISE EXPECTATIONS BY AGREEING TO BROADEN TERMS OF 1973 REVIEW TO DISCUSS MODIFICATIONS WHICH ARE UNLIKELY TO COME ABOUT.

4. DIXON THEN NOTED THAT UNDER ARTICLE XXIV, PARAGRAPH 3, BOTH PARTIES MUST AGREE THAT A DEFENSE AREA SHOULD CONTINUE AS SUCH BY THE END OF 1973, OR ITS STATUS WOULD CEASE IN 1977. IT IS POSSIBLE, OF COURSE, THAT EITHER OF US MIGHT DETERMINE THAT THERE WAS NO FURTHER STRATEGIC NEED FOR SOME OF ALL OF THE DEFENSE AREAS. HIS PURPOSE, HE REPEATED, WAS MERELY TO POINT UP THE PROBLEM SO THAT WE MIGHT BEGIN TO CONSIDER HOW WE WISH TO APPROACH IT.

5. COMMENT: THIS PROBE APPARENTLY DESIGNED TO TEST WHETHER US VULNERABLE TO A SQUEEZE IN 1973. WE ARE NOT AT THIS POINT INCLINED TO TAKE VERY SERIOUSLY DIXON'S THINLY- VEILED THREAT THAT UK COULD EXERCIZE ITS OPTION IN ARTICLE XXIV TO TERMINATE AGREEMENT.

ANNENBERG

CONFIDENTIAL

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*** Current Classification *** UNCLASSIFIED

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